

Message Text

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64

ACTION ARA-20

INFO OCT-01 EUR-25 ADP-00 IGA-02 AID-20 EB-11 AGR-20

COME-00 OMB-01 TRSE-00 SS-15 NSC-10 L-03 CIAE-00

INR-10 NSAE-00 PA-03 RSC-01 USIA-15 PRS-01 RSR-01

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R 092059Z AUG 73

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 5043

INFO AMEMBASSY BUENOS AIRES

USMISSION BRUSSELS

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E.O. 11652: N/A

TAGS: EAGR, ETRD, UY, AR, EC

SUBJ: ARGENTINE FAILURE TO COMPLETE WHEAT SHIPMENTS

CREATES ADDITIONAL PROBLEMS FOR GOU

REF: A) MVD 1978 (NOTAL)

B) MVD 2165 (NOTAL)

1. PRESS ANNOUNCEMENT TODAY (AUG 9) THAT GOA WILL BE UNABLE TO COMPLETE SHIPMENT OF APPROXIMATELY 60,000 MT OF WHEAT REMAINING FROM 140,000 MT CONTRACTED BY GOU, CAUSED GOU TO SEND URGENT TO EC ABOUT POSSIBILITIES OF WHEAT PURCHASES THERE. REQUEST SENT IN SPITE OF KNOWLEDGE THAT EC HAS BANNED WHEAT EXPORTS TO NON-MEMBERS.

2. THIS NEWS CONTRADICTS PUBLIC STATEMENTS BY MINISTER OF LIVESTOCK AND AGRICULTURE MEDERO ON AUG 7 THAT GOA WOULD MAKE COMMERCIAL PURCHASES OF WHEAT TO FULFILL GOU CONTRACT.

3. TRADE SOURCES REPORT THAT GOA RECEIVED BIDS FOR 2000,000 MT OF WHEAT TODAY (AUG 9). HOWEVER, IT IS THOUGHT UNLIKELY

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THAT GOU WILL RECEIVE ANY WHEAT FROM THIS TENDER. (FYI: AGATT

B.A. INDACATES THAT GOA POSSIBLY DISPOSED TO COMPLETE GOU CONTRACT FROM FUTURE TENDERS DESPITE FACT THAT THIS WOULD ENTAIL NET LOSS TO GOA OF ABOUT US\$5 MILLION AT CURRENT PRICES, I.E., US\$180 PER TON. AS COMPARED WITH US\$ 103 PER TON CONTRACT PRICE

4. EMBASSY HAS REPEATEDLY ADVISED GOU OF SLIGHT CHANCE OF ACQUIRING WHEAT UNDER PL 480 OR CCC CREDITS, AWAITS ANSWER TO REFTEL B. EMBASSY HAS NOT YET BEEN CONTACTED BY GOU SINCE GOA ANNOUNCEMENT.

5. GOU WHEAT STOCKS CRITICALLY SHORT WITH SUPPLIES AVAILABLE FOR NOT MORE THAN 10 DAYS. WHEAT SHORTAGE WILL POSSIBLY CAUSE SUSPENSION OF VEDA (BAN OF BEEF CONSUMPTION) WHICH WAS SCHEDULED TO BEGIN AUG 15.

6. THE WHEAT SHORTAGE COULD POSSIBLY INCREASE THE CALLS FOR RESIGNATION OF AGMINISTER MEDERO, WHO HAS RECENTLY BEEN STRONGLY CRITICIZED BY RANCHERS AND FARMERS ASSOCIATIONS. HIS RESIGNATION, HOWEVER, WOULD NOT CHANG MEDERO'S STATUS AS PRESIDENT BORDABERRY'S CLOSEST AND MOST TRUSTED ADVISER. ORTIZ

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30 JUN 2005

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